State of Arizona Senate Forty-sixth Legislature Second Regular Session 2004

CHAPTER 311

SENATE BILL 1353

AN ACT

AMENDING SECTION 42-3201, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 3, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5.1; RELATING TO TOBACCO PRODUCTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-3201, Arizona Revised Statutes, is amended to read:

42-3201. Distributors license

- A. Every distributor selling or offering for sale ACQUIRING OR POSSESSING FOR THE PURPOSE OF MAKING THE FIRST SALE IN THIS STATE any tobacco, cigarettes or cigars on which a tax is imposed by this chapter shall obtain from the department a license to sell tobacco, cigarettes and cigars. The application for the license shall be in the form provided by the department and shall be accompanied by a fee of twenty-five dollars.
- B. The department shall issue a license authorizing the applicant to sell ACQUIRE OR POSSESS tobacco, cigarettes and cigars in the THIS state upon the condition that the applicant complies with this chapter and the rules of the department. The license:
 - 1. Shall be nontransferable.
- 2. Shall be valid for one year unless earlier revoked by the department.
- 3. Shall, FOR AN APPLICANT SELLING OR OFFERING FOR SALE TOBACCO, CIGARETTES AND CIGARS, be displayed in the applicant's place of business.
- C. A person who is convicted of an offense described in section 42-1127, subsection D is permanently ineligible to hold a license issued under this section.
- Sec. 2. Title 42, chapter 3, Arizona Revised Statutes, is amended by adding article 5.1, to read:

ARTICLE 5.1. DELIVERY SALES OF TOBACCO PRODUCTS

42-3221. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 1. "ADULT" MEANS AN INDIVIDUAL WHO IS AT LEAST THE LEGAL MINIMUM PURCHASE AGE.
- 2. "CONSUMER" MEANS A PERSON WHO IS NOT A LICENSED DISTRIBUTOR PURSUANT TO SECTION 42-3201 SELLING OR OFFERING TOBACCO PRODUCTS FOR SALE OR A RETAILER OF TOBACCO PRODUCTS WHO IS NOT A LICENSED DISTRIBUTOR PURSUANT TO SECTION 42-3201. CONSUMER DOES NOT INCLUDE A TRIBE, AN ENTERPRISE OWNED BY A TRIBE, A TRIBAL MEMBER OR AN ENTITY OWNED BY A TRIBAL MEMBER THAT PURCHASES TOBACCO PRODUCTS IN CONNECTION WITH A DELIVERY SALE FOR RESALE ON THE TRIBE'S OR TRIBAL MEMBER'S RESERVATION TO THE ULTIMATE USER OF THE TOBACCO PRODUCTS.
- 3. "DELIVERY SALE" MEANS ANY SALE OF TOBACCO PRODUCTS TO A CONSUMER IN THIS STATE IN WHICH EITHER:
- (a) THE CONSUMER SUBMITS THE ORDER FOR THE SALE BY MEANS OF TELEPHONIC OR OTHER VOICE TRANSMISSION, MAIL, A DELIVERY SERVICE OR THE INTERNET OR OTHER ON-LINE SERVICE.
- SERVICE:
- 4 9999 4.2 "DELIVERY SERVICE" MEANS ANY PERSON THAT IS ENGAGED IN THE 5 COMMERCIAL DELIVERY OF LETTERS, PACKAGES OR OTHER CONTAINERS.

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- 5. "LEGAL MINIMUM PURCHASE AGE" MEANS THE MINIMUM AGE AT WHICH AN INDIVIDUAL MAY LEGALLY PURCHASE TOBACCO PRODUCTS IN THIS STATE.
- 6. "MAIL" OR "MAILING" MEANS THE SHIPMENT OF TOBACCO PRODUCTS THROUGH THE UNITED STATES POSTAL SERVICE.
- 7. "RETAILER" MEANS ANY PERSON WHO IS NOT A LICENSED DISTRIBUTOR THAT COMES INTO POSSESSION OF TOBACCO PRODUCTS SUBJECT TO TAX UNDER THIS CHAPTER FOR THE PURPOSES OF SELLING THE TOBACCO PRODUCTS TO CONSUMERS.
- 8. "SHIPPING CONTAINER" MEANS A CONTAINER IN WHICH TOBACCO PRODUCTS ARE SHIPPED IN CONNECTION WITH A DELIVERY SALE.
- 9. "SHIPPING DOCUMENT" MEANS A BILL OF LADING, AIRBILL, UNITED STATES POSTAL SERVICE FORM OR ANY OTHER DOCUMENT USED TO EVIDENCE THE UNDERTAKING BY A DELIVERY SERVICE TO DELIVER LETTERS, PACKAGES OR OTHER CONTAINERS.
- 10. "TOBACCO PRODUCTS" MEANS ALL LUXURIES INCLUDED IN SECTION 42-3052, PARAGRAPH 5, ALL LUXURIES INCLUDED IN SECTION 42-3052, PARAGRAPH 6 AND ALL LUXURIES INCLUDED IN SECTION 42-3052, PARAGRAPH 7. TOBACCO PRODUCTS DOES NOT INCLUDE PIPE TOBACCO OR CIGARS.

42-3222. Requirements for delivery sales

- A. A SALE OF TOBACCO PRODUCTS THAT CONSTITUTES A DELIVERY SALE PURSUANT TO SECTION 42-3221 IS A DELIVERY SALE REGARDLESS OF WHETHER THE PERSON ACCEPTING THE ORDER FOR THE DELIVERY SALE IS LOCATED IN OR OUTSIDE THIS STATE.
- B. A SALE OF TOBACCO PRODUCTS IS NOT A SALE TO A CONSUMER FOR THE PURPOSES OF THIS ARTICLE IF THE PERSON IS LICENSED AS A DISTRIBUTOR BY THE DEPARTMENT OR IF THE SALE IS TO A TRIBE, AN ENTERPRISE OWNED BY A TRIBE, A TRIBAL MEMBER OR AN ENTITY OWNED BY A TRIBAL MEMBER THAT PURCHASES THE TOBACCO PRODUCTS FOR RESALE ON THE TRIBE'S OR TRIBAL MEMBER'S RESERVATION TO THE ULTIMATE USER OF THE TOBACCO PRODUCTS. IF A PERSON IS A DISTRIBUTOR, AS DEFINED IN SECTION 42-3001, THE PERSON SHALL OBTAIN A DISTRIBUTOR'S LICENSE FROM THE DEPARTMENT BEFORE SUBMITTING AN ORDER FOR A DELIVERY SALE.
- C. A PERSON SHALL NOT MAKE A DELIVERY SALE OF TOBACCO PRODUCTS TO ANY INDIVIDUAL WHO IS NOT AN ADULT.
- D. EACH PERSON ACCEPTING AN ORDER FOR A DELIVERY SALE SHALL COMPLY WITH EACH OF THE FOLLOWING:
 - 1. THE AGE VERIFICATION REQUIREMENTS SET FORTH IN SECTION 42-3223.
 - 2. THE DISCLOSURE REQUIREMENTS SET FORTH IN SECTION 42-3224.
 - 3. THE SHIPPING REQUIREMENTS SET FORTH IN SECTION 42-3225.
- 37 4. THE REGISTRATION AND REPORTING REQUIREMENTS SET FORTH IN SECTION 38 42-3226.
 - 5. THE TAX COLLECTION REQUIREMENTS SET FORTH IN SECTION 42-3227.
- 6. THE LICENSING AND TAX STAMP REQUIREMENTS SET FORTH IN TITLE 42, 41 GHAPTER 3, ARTICLE 5 THAT APPLY TO SALES OF TOBACCO PRODUCTS THAT OCCUR 42 ENTIRELY IN THIS STATE.
- 43 7.5 ALL LAWS OF THIS STATE GENERALLY APPLICABLE TO SALES OF TOBACCO 44 PRODUCTS THAT OCCUR ENTIRELY IN THIS STATE IMPOSING EXCISE TAXES 45 AND TRANSACTION PRIVILEGE TAXES.

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42-3223. Age verification requirements

- A. A PERSON SHALL NOT MAIL, SHIP OR OTHERWISE DELIVER TOBACCO PRODUCTS IN CONNECTION WITH AN ORDER FOR A DELIVERY SALE UNLESS, BEFORE THE FIRST DELIVERY TO THE CONSUMER, THE PERSON ACCEPTING THE ORDER FOR THE DELIVERY SALE:
- 1. OBTAINS FROM THE INDIVIDUAL SUBMITTING THE ORDER A CERTIFICATION THAT INCLUDES BOTH:
 - (a) RELIABLE CONFIRMATION THAT THE INDIVIDUAL IS AN ADULT.
- (b) A STATEMENT SIGNED BY THE INDIVIDUAL IN WRITING AND UNDER PENALTY OF PERJURY THAT BOTH:
 - (i) CERTIFIES THE ADDRESS AND DATE OF BIRTH OF THE INDIVIDUAL.
- (ii) CONFIRMS THAT THE INDIVIDUAL WANTS TO RECEIVE DELIVERY SALES FROM A TOBACCO COMPANY AND UNDERSTANDS THAT, UNDER THE LAWS OF THIS STATE, SIGNING ANOTHER INDIVIDUAL'S NAME TO THE CERTIFICATION IS ILLEGAL, THAT THE SALE OF TOBACCO PRODUCTS TO INDIVIDUALS UNDER THE LEGAL MINIMUM PURCHASE AGE IS ILLEGAL AND THAT THE PURCHASE OF TOBACCO PRODUCTS BY INDIVIDUALS UNDER THE LEGAL MINIMUM PURCHASE AGE IS ILLEGAL.
- 2. MAKES A GOOD FAITH EFFORT TO VERIFY THE INFORMATION CONTAINED IN THE CERTIFICATION PROVIDED BY THE INDIVIDUAL PURSUANT TO PARAGRAPH 1 AGAINST A COMMERCIALLY AVAILABLE DATABASE THAT MAY BE REASONABLY RELIED ON FOR ACCURATE AGE INFORMATION OR OBTAINS A PHOTOCOPY OR OTHER IMAGE OF A VALID GOVERNMENT ISSUED IDENTIFICATION THAT STATES THE DATE OF BIRTH OR AGE OF THE INDIVIDUAL.
- 3. PROVIDES TO THE INDIVIDUAL, VIA ELECTRONIC MAIL OR OTHER MEANS, A NOTICE THAT MEETS THE REQUIREMENTS OF SECTION 42-3224.
- 4. IF AN ORDER FOR TOBACCO PRODUCTS IS MADE PURSUANT TO AN ADVERTISEMENT ON THE INTERNET, RECEIVES PAYMENT FOR THE DELIVERY SALE FROM THE CONSUMER BY A CREDIT OR DEBIT CARD THAT HAS BEEN ISSUED IN THE NAME OF THE CONSUMER OR BY PERSONAL OR COMPANY CHECK OF THE CONSUMER.
- B. A PERSON ACCEPTING AN ORDER FOR A DELIVERY SALE MAY REQUEST THAT A CONSUMER PROVIDE AN ELECTRONIC MAIL ADDRESS.

42-3224. <u>Disclosure requirements</u>

THE NOTICE REQUIRED UNDER SECTION 42-3223, SUBSECTION A, PARAGRAPH 3 SHALL INCLUDE PROMINENT AND CLEARLY LEGIBLE STATEMENTS THAT TOBACCO PRODUCT SALES ARE ALL OF THE FOLLOWING:

- 1. ILLEGAL IF MADE TO INDIVIDUALS WHO ARE NOT ADULTS.
- 2. RESTRICTED TO THOSE INDIVIDUALS WHO PROVIDE VERIFIABLE PROOF OF AGE IN ACCORDANCE WITH SECTION 42-3223.
- 3. TAXABLE UNDER THIS CHAPTER AND SHALL INCLUDE AN EXPLANATION OF HOW SUCH TAX HAS BEEN, OR IS TO BE, PAID WITH RESPECT TO THE DELIVERY SALE.

42-3225. Shipping requirements

- A. EACH PERSON WHO MAILS, SHIPS OR OTHERWISE DELIVERS TOBACCO PRODUCTS IN CONNECTION WITH AN ORDER FOR A DELIVERY SALE SHALL:
- 1. INCLUDE AS PART OF THE SHIPPING DOCUMENTS, IN A CLEAR AND CONSPICUOUS MANNER, THE FOLLOWING STATEMENT: "TOBACCO PRODUCTS: ARIZONA LAW

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PROHIBITS SHIPPING TO INDIVIDUALS UNDER THE AGE OF EIGHTEEN AND REQUIRES THE PAYMENT OF ALL APPLICABLE TAXES".

- 2. USE A METHOD OF MAILING, SHIPPING OR DELIVERY THAT OBLIGATES THE DELIVERY SERVICE TO REQUIRE:
- (a) THE INDIVIDUAL SUBMITTING THE ORDER FOR THE DELIVERY SALE OR ANOTHER ADULT WHO RESIDES AT THE INDIVIDUAL'S ADDRESS TO SIGN TO ACCEPT DELIVERY OF THE SHIPPING CONTAINER. PROOF OF THE LEGAL MINIMUM PURCHASE AGE OF THE INDIVIDUAL ACCEPTING DELIVERY SHALL BE REQUIRED ONLY IF THE INDIVIDUAL APPEARS TO BE UNDER TWENTY-SEVEN YEARS OF AGE.
- (b) PROOF, IN THE FORM OF A VALID, GOVERNMENT ISSUED IDENTIFICATION BEARING A PHOTOGRAPH OF THE INDIVIDUAL WHO SIGNS TO ACCEPT DELIVERY OF THE SHIPPING CONTAINER, THAT THE INDIVIDUAL IS EITHER THE ADDRESSEE OR THE ADULT DESIGNATED BY THE ADDRESSEE.
- 3. PROVIDE TO THE DELIVERY SERVICE RETAINED TO DELIVER THE DELIVERY SALE EVIDENCE OF FULL COMPLIANCE WITH SECTION 42-3227.
- B. IF THE PERSON ACCEPTING A PURCHASE ORDER FOR A DELIVERY SALE DELIVERS THE TOBACCO PRODUCTS WITHOUT USING A DELIVERY SERVICE, THE PERSON SHALL COMPLY WITH ALL OF THE REQUIREMENTS OF THIS ARTICLE THAT APPLY TO A DELIVERY SERVICE AND ANY FAILURE TO COMPLY WITH A REQUIREMENT OF THIS ARTICLE IS A VIOLATION.

42-3226. Registration and reporting requirements

- BEFORE MAKING SALES OR SHIPPING TOBACCO PRODUCTS IN CONNECTION WITH SALES, A PERSON SHALL FILE WITH THE DEPARTMENT A STATEMENT STATING THE PERSON'S NAME, TRADE NAME AND THE ADDRESS OF THE PERSON'S PRINCIPAL PLACE OF BUSINESS AND ANY OTHER PLACE OF BUSINESS.
- B. NOT LATER THAN THE TENTH DAY OF EACH MONTH, EACH PERSON THAT HAS MADE A SALE OR MAILED. SHIPPED OR OTHERWISE DELIVERED TOBACCO PRODUCTS IN CONNECTION WITH ANY SALE DURING THE PREVIOUS CALENDAR MONTH SHALL FILE WITH THE DEPARTMENT A MEMORANDUM OR A COPY OF THE INVOICE THAT PROVIDES FOR EACH SALE:
- 1. THE NAME AND ADDRESS OF THE INDIVIDUAL WHO SUBMITTED THE ORDER FOR THE SALE.
- 2. THE NAME AND ADDRESS OF THE INDIVIDUAL WHO ACCEPTED DELIVERY OF THE TOBACCO PRODUCTS.
- 3. THE NAME AND ADDRESS OF THE PERSON ACCEPTING THE ORDER FOR THE SALE OF TOBACCO PRODUCTS.
- 4. THE NAME AND ADDRESS OF THE DELIVERY SERVICE AND THE NAME OF THE INDIVIDUAL MAKING THE DELIVERY.
- 5. THE BRAND OR BRANDS OF THE TOBACCO PRODUCTS THAT WERE SOLD IN THE SALE.
- 6. THE QUANTITY OF EACH BRAND OF TOBACCO PRODUCTS THAT WAS SOLD IN THE 42
- 43 C. A PERSON MAY COMPLY WITH THE REQUIREMENTS OF SUBSECTIONS A AND B OF THIS SECTION BY COMPLYING WITH THE REQUIREMENTS OF 15 UNITED STATES CODE 44 45 SECTION 376.

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(八**41**): D. THIS SECTION DOES NOT APPLY TO SALES OF TOBACCO PRODUCTS BY A LICENSED DISTRIBUTOR OR TO SALES OF TOBACCO PRODUCTS BY A RETAILER THAT WERE PURCHASED FROM A LICENSED DISTRIBUTOR.

42-3227. Collection of taxes

EACH PERSON ACCEPTING A PURCHASE ORDER FOR A DELIVERY SALE SHALL COLLECT AND REMIT TO THE DEPARTMENT ALL TAXES IMPOSED ON TOBACCO PRODUCTS BY THIS STATE WITH RESPECT TO THE DELIVERY SALE. WITH RESPECT TO CIGARETTES, THE COLLECTION AND REMISSION SHALL NOT BE REQUIRED IF THE PERSON HAS OBTAINED PROOF IN THE FORM OF THE PRESENCE OF APPLICABLE TAX STAMPS OR TAX EXEMPT STAMPS OR OTHER PROOF THAT THE TAXES HAVE ALREADY BEEN PAID TO THIS STATE.

42-3228. Penalties; violations; classification

- A. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A VIOLATION OF THIS ARTICLE BY A PERSON OTHER THAN AN INDIVIDUAL WHO IS NOT AN ADULT IS A CLASS 5 FELONY, AND:
- 1. FOR THE FIRST VIOLATION OF THIS ARTICLE, THE PERSON SHALL BE FINED ONE THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE TOBACCO PRODUCTS INVOLVED IN THE VIOLATION, WHICHEVER IS GREATER.
- 2. FOR THE SECOND OR SUBSEQUENT VIOLATION OF THIS ARTICLE, THE PERSON SHALL BE FINED FIVE THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE TOBACCO PRODUCTS INVOLVED IN THE VIOLATION, WHICHEVER IS GREATER.
- B. A PERSON WHO IS AN ADULT AND WHO KNOWINGLY SUBMITS A FALSE CERTIFICATION UNDER SECTION 42-3223, SUBSECTION A, PARAGRAPH 1 COMMITS A CLASS 5 FELONY, AND FOR EACH OFFENSE THE PERSON SHALL BE FINED TEN THOUSAND DOLLARS OR FIVE TIMES THE RETAIL VALUE OF THE TOBACCO PRODUCTS INVOLVED IN THE VIOLATION, WHICHEVER IS GREATER. A PERSON WHO IS UNDER THE LEGAL MINIMUM PURCHASE AGE AND WHO KNOWINGLY SUBMITS A FALSE CERTIFICATION UNDER SECTION 42-3223, SUBSECTION A, PARAGRAPH 1 COMMITS A PETTY OFFENSE.
- C. A PERSON WHO FAILS TO PAY ANY TAX REQUIRED IN CONNECTION WITH A DELIVERY SALE SHALL PAY, IN ADDITION TO ANY OTHER PENALTY, A PENALTY OF FIVE TIMES THE RETAIL VALUE OF THE TOBACCO PRODUCTS INVOLVED.
- D. ANY TOBACCO PRODUCTS SOLD OR ATTEMPTED TO BE SOLD IN A DELIVERY SALE THAT DOES NOT MEET THE REQUIREMENTS OF THIS ARTICLE SHALL BE FORFEITED TO THE STATE PURSUANT TO SECTION 42-1124.
- E. A PERSON WHO, IN CONNECTION WITH A DELIVERY SALE, DELIVERS TOBACCO PRODUCTS ON BEHALF OF A DELIVERY SERVICE TO AN INDIVIDUAL WHO IS NOT AN ADULT IS GUILTY OF A VIOLATION OF SECTION 13-3622.
- F. ALL FIXTURES, EQUIPMENT AND ALL OTHER MATERIALS AND PERSONAL PROPERTY ON THE PREMISES OF ANY PERSON WHO, WITH THE INTENT TO DEFRAUD THIS STATE, MAILS OR SHIPS TOBACCO PRODUCTS INTO THIS STATE AND FAILS TO SATISFY ANY OF THE REQUIREMENTS OF THIS ARTICLE SHALL BE FORFEITED TO THIS STATE.
- G. AN INDIVIDUAL WHO IS NOT AN ADULT AND WHO KNOWINGLY VIOLATES ANY PROVISION OF THIS ARTICLE IS GUILTY OF A PETTY OFFENSE.

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42-3229. Enforcement

THE ATTORNEY GENERAL, THE ATTORNEY GENERAL'S DESIGNEE OR ANY PERSON WHO HOLDS A PERMIT UNDER 26 UNITED STATES CODE SECTION 5713 MAY BRING AN ACTION IN THE APPROPRIATE COURT IN THIS STATE TO PREVENT OR RESTRAIN VIOLATIONS OF THIS ARTICLE BY ANY PERSON.

42-3230. Applicability: Indian reservations

THIS ARTICLE DOES NOT ALTER, MODIFY OR AMEND EXISTING STATE LAW PROVIDING FOR THE TAX TREATMENT OF SALES OF TOBACCO PRODUCTS ON INDIAN RESERVATIONS.

APPROVED BY THE GOVERNOR JUNE 1, 2004.

FALED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 1, 2004.



Passed the House Upril 27	7,20 <u>04</u> ,	Passed the Senate	March 23	3, 20 <u>09</u> ,
Passed the House	54 Ayes,	by the following vote:	28	Ayes,
/ Nays,	5 Not Voting	/	nys,/	Not Voting
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Secretary of State

HOUSE FINAL PASSAGE as per Joint Conference	SENATE FINAL PASSAGE as per Joint Conference
Passed the House May 24, 2004,	Passed the Senate May 19, 20 9,
by the following vote: Ayes,	by the following vote: 27 Ayes,
Nays, 5 Not Voting Ale Flake Speaker of the House Chief Clerk of the House	Nays, 2 Not Voting President of the Senate Secretary of the Senate
OFFICE OF This Bill was received this 25th day of	TMENT OF ARIZONA F GOVERNOR Eved by the Governor O'clock M. Secretary to the Governor
Approved this	
Governor of Arizona	EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF STATE This Bill was received by the Secretary of State this
S.B. 1353	at 4:38 o'clock M. Secretary of State